



# basic education

---

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **ECONOMICS**

### **EXAMINATION GUIDELINES**

**GRADE 12**

**2021**

**These guidelines consist of 34 pages.**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. ASSESSMENT IN GRADE 12</b>	<b>4</b>
2.1 Format of question papers	4
2.2 Details of question papers	4
2.3 Cognitive-level grid	6
2.4 A guideline to marking	7
2.5 Command verb detail	10
2.6 Higher-order questions	12
<b>3. CONTENT</b>	<b>14</b>
<b>4. CONCLUSION</b>	<b>34</b>

## 1. INTRODUCTION

The *Curriculum and Assessment Policy Statement (CAPS)* for Economics outlines the nature and purpose of the subject Economics. This guides the philosophy underlying the teaching and assessment of the subject in Grade 12.

The purpose of these Examination Guidelines is to:

- Provide clarity on the depth and scope of the content to be taught and assessed in the Grade 12 National Senior Certificate (NSC) Examination in Economics.
- Assist teachers to adequately prepare learners for the examinations.

This document deals with the final Grade 12 external examinations. It does not deal in any depth with the School-Based Assessment (SBA).

These Examination Guidelines should be read in conjunction with:

- *The National Curriculum Statement (NCS) Curriculum and Assessment Policy Statement (CAPS): Economics*
- *The National Protocol of Assessment: An addendum to the policy document, the National Senior Certificate: A qualification at Level 4 on the National Qualifications Framework (NQF), regarding the National Protocol for Assessment (Grades R–12)*
- The national policy pertaining to the programme and promotion requirements of the National Curriculum Statement, Grades R–12

**NOTE: All topics where 'discuss in detail/examine in detail/compare and contrast in detail' appear, should be regarded as essay topics for the next three-year cycle.**

**2. ASSESSMENT IN GRADE 12****2.1 Format of the question papers****CLASSIFICATION OF TOPICS FOR THE GRADE 12 ECONOMICS QUESTION PAPERS**

<b>ECONOMICS GR.12</b>	
<b>PAPER 1</b>	<b>PAPER 2</b>
<b>150 MARKS – 2 HOURS</b>	<b>150 MARKS – 2 HOURS</b>
<b>MAIN TOPIC: MACROECONOMICS</b>	<b>MAIN TOPIC: MICROECONOMICS</b>
<b>SUBTOPICS:</b> <ul style="list-style-type: none"> <li>• Circular flow</li> <li>• Business cycles</li> <li>• Public sector</li> <li>• Foreign exchange markets</li> </ul>	<b>SUBTOPICS:</b> <ul style="list-style-type: none"> <li>• Perfect markets</li> <li>• Imperfect markets</li> <li>• Market failures</li> </ul>
<b>MAIN TOPIC: ECONOMIC PURSUITS</b>	<b>MAIN TOPIC: CONTEMPORARY ECONOMIC ISSUES</b>
<b>SUBTOPICS:</b> <ul style="list-style-type: none"> <li>• *Protectionism and free trade</li> <li>• Growth and development</li> <li>• Industrial development policies</li> <li>• Economic and social performance indicators</li> </ul>	<b>SUBTOPICS:</b> <ul style="list-style-type: none"> <li>• Inflation</li> <li>• Tourism</li> <li>• Environmental sustainability</li> </ul>
* <b>Note that Protectionism and Free Trade has been moved from Macroeconomics to Economic Pursuits.</b>	

**2.2 Details of question papers**

- Each paper carries 150 MARKS.
- The duration of each paper is **2 HOURS**.
- Each paper comprises SIX QUESTIONS divided into three sections.  
Of the six questions only FOUR must be answered as follows:
  - SECTION A: QUESTION 1 is COMPULSORY.
  - SECTION B: Consists of THREE questions: QUESTIONS 2–4 of which the candidate must choose only TWO
  - SECTION C: Consists of TWO questions: QUESTIONS 5–6 of which the candidate must choose only ONE
- The above papers must NOT be written on the same day.
- The detailed requirements of each section (per question paper) are indicated on the next page.

**SECTION A (COMPULSORY)****TOTAL: 30****QUESTION 1**

- 1.1 **MULTIPLE-CHOICE ITEMS** (lower order)  
WITH 4 POSSIBLE options **per main topic** = 8 items (2 marks per item) (8 x 2) (16)
- 1.2 **MATCHING ITEMS (COLUMN A AND B)** (lower order)  
FOUR items **per main topic** = 8 items (1 mark per item) (8 x 1) (8)
- 1.3 **GIVE THE TERM** (lower order)  
THREE items **per main topic** = 6 items (1 mark per item) (6 x 1) (6)  
Abbreviations, acronyms and examples are not acceptable.

*Although the questions are regarded as lower order, they may be classified as EASY (e.g. open economy), MODERATE (e.g. real flow) or DIFFICULT (e.g. autonomous consumption).*

**SECTION B (ANSWER TWO QUESTIONS IN THIS SECTION)****TOTAL: 80****QUESTIONS 2–4 (THREE QUESTIONS)**

ONE question per MAIN TOPIC and ONE combination question between the 2 MAIN TOPICS. (50%/50%)

- 2.1 Short items
- 2.1.1 Lower order (2 ITEMS) Name TWO. (2 x 1) (2)
- 2.1.2 Middle order (1 ITEM), e.g. How, why and what (an application type of question). (1 x 2) (2)
- 2.2–2.3 TWO data response questions (middle order), e.g. Study the following graph/cartoon/table/extract/real data and answer the questions that follow. (10 x 2) (20)
- Items in the data response questions must be 'scaffolded' from easy to difficult: 2 marks easy, 4 marks moderate and 4 marks difficult
  - The answers to the first 2 questions (1 mark each) may appear in the data, but will be one of application
  - Data response questions give a context on what aspects to be assessed, and answers would not necessary appear in the data
- 2.4 ONE single question (middle order), e.g. explain, discuss, distinguish or differentiate between, draw a correctly labelled graph/draw a correctly labelled graph and explain//use the given graph and explain. (8)
- 2.5 ONE single question (higher order), e.g. how, why or evaluate. (8)
- Higher order questions are grounded in the content. These types of questions test critical thinking, where candidates should be able to apply their knowledge, through logical reasoning and also have an awareness of their current economic climate. Content (covered by discuss/examine/describe/analyse/explain/evaluate/compare/assess/justify/construct/calculate) can be assessed as higher-order questions. Answers will not necessarily be found in textbooks.**

With regard to *what*, *how* and *why* questions, learners must be guided by the mark allocation when answering the question. E.g. *Why ... (2 marks)* will require ONE discussion point and *Why ... (8 marks)* will require THREE to FOUR discussion points depending on examples given.  
Responses must give effect to the contextual demands of the question!

**[40]**

**SECTION C (ANSWER ONE QUESTION IN THIS SECTION****TOTAL: 40****QUESTIONS 5–6 (TWO ESSAY QUESTIONS) ONE question per MAIN TOPIC**

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b> The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<b>Body</b> <b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain / Draw a graph and explain / Use the graph given and explain/Complete the given graph/ <b>Additional part:</b> Give own opinion/Critically discuss/Evaluate/Critically evaluate/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate/How/Suggest /Construct graph (foreign exchange market, multiplier)	Max. 26  Max. 10
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

**2.3 Cognitive-level grid**

MAIN TOPICS		SECTION A			SECTION B					SECTION C	
		Multiple choice	Matching Items A and B	Give the term	Short items		Data response	Single Questions		Essay Questions	
		Lower	Lower	Lower	Lower	Middle	Middle	Middle	Higher	Lower	Higher
PAPER 1	Macroeconomics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Economic Pursuits	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Macro and Pursuits				2x1 = 2	1x2 = 2	2x10 = 20	8	8		
	<b>TOTAL</b>	<b>16</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>40</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>30</b>
PAPER 2	Microeconomics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Contemporary Economics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Micro and Contemporary				2x1 = 2	1x2 = 2	2x10 = 20	8	8		
	<b>TOTAL</b>	<b>16</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>40</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>30</b>

PAPER 1 AND PAPER 2	COGNITIVE LEVELS		MARKS	%
	Lower Order (Levels 1 and 2)		44	29,3
	Middle Order (Levels 3 and 4)		60	40,0
	Higher Order (Levels 5 and 6)		46	30,7

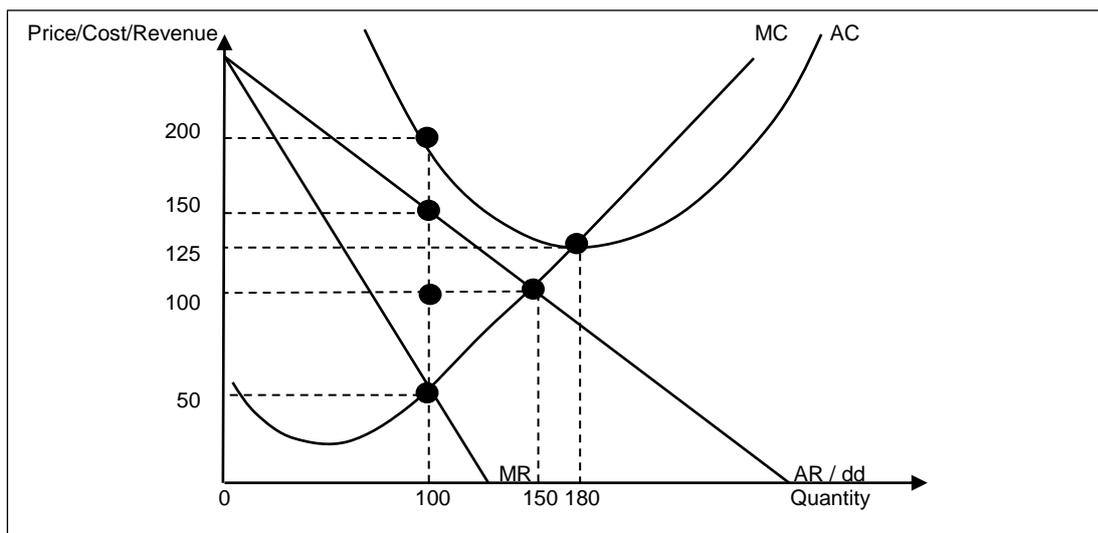
**NOTE:** Cognitive-level deviations not to exceed 2,67%.

## 2.4 A guideline to marking

Mark allocation depends on the cognitive level of the question, as follows:

SECTION A	
<b>Multiple choice items:</b>	<b>2 marks per item (8 x 2) 16</b>
<p>E.g. <b>Oligopolies that collude in a formal manner are called ...</b>            A. cartels. ✓✓  <i>(Items from this section are <u>easy/moderate lower-order</u> questions, and requires only recall the candidate must only <b>identify</b> a particular economic concept from a description given )</i></p>	
<b>Matching items (Column A and B):</b>	<b>1 mark per item (8 x 1) (8)</b>
<p>E.g. <b>Inflation</b>            Sustained increase in the general price level ✓  <i>(Items from this section are <u>easy/moderate lower-order</u> questions, and requires only recall The candidate must <b>match</b> a particular economic item in Column A with a description given in Column B)</i></p>	
<b>Give one term for definition given:</b>	<b>1 mark per item (6 x 1) (6)</b>
<p>E.g. <b>The system of processing waste material into new products.</b>            Recycling ✓  <i>(Items from this section are <u>moderate/difficult lower-order</u> questions and require recall. The candidate must be able to <b>recall</b> a particular economic concept from a given definition)</i>  <b>NOTE:</b> In these items the answers are not provided.</p>	
SECTION B	
<b>List TWO</b>	<b>1 mark per item (2 x 1) (2)</b>
<p>E.g. <b>Give TWO reasons for market failure.</b>            Externalities ✓            Missing markets ✓            Imperfect competition ✓  <i>(This is an <u>easy lower-order</u> question and requires recall. It is therefore expected that the candidate shall provide the correct facts according to the approved textbooks.)</i></p>	
<b>What? Why? How? and Show</b>	<b>2 marks for a correct answer (1 x 2) (2)</b>
<p>E.g. <b>What effect will a weak currency have on exports?</b>            It will lead to an increase in exports. ✓✓  <i>(This is an <u>easy to moderate middle-order</u> question and requires understanding. It is therefore expected that the candidate shall provide the correct reasoning/understanding of the particular concept or fact)</i></p>	
<b>TWO data response questions</b>	<b>2 x 10 (20)</b>
<p>Items on a : Cartoon, Extract, Graph, Table, Pictures, or a mix  <i>(This is an <u>easy to difficult middle-order</u> question and requires insight and understanding of the particular topic) Questions range from <b>easy to difficult</b>.</i>  <b>E.g. GRAPH</b></p>	

## Examination Guidelines



2.2.1 What is the selling price of the business above? (1)

2.2.2 Identify the letter in the graph above that represents the loss minimising point. (1)

2.2.3 Briefly describe the term *monopoly*. (2)

2.2.4 Why is the equilibrium position above typical of the short run? (2)

2.2.5 Determine the loss for this business. Show ALL calculations. (4)

**Paragraph question****(4 x 2) or (2 x 4) (8)**

(This is a moderate to difficult middle-order question and requires insight and understanding of the particular topic, candidates must be able to recall, reason facts from approved textbooks and then substantiate/demonstrate the facts with appropriate examples)

Allocation of marks: TWO marks will be allocated per fact. Listing of examples will only count ONE mark. If an example is appropriately explained, TWO marks will be allocated. If facts are only listed, a maximum of FOUR marks will be allocated.

**Paragraph question****(4 x 2) or (2 x 4) (8)**

(This is a higher-order question and requires deeper insight and understanding of the particular topic. Candidates must be able to give their own opinion and then substantiate / demonstrate arguments against / in favour of or to recommend solutions on certain issues. Application of knowledge.)

Candidates must be able to:

- give their own opinion and then substantiate / demonstrate arguments against or in favour
- evaluate and critique certain actions/values... in the economy
- analyse certain aspects ... in the economy by unpacking and critique
- use economic models e.g. graph and diagram to explain certain aspects of economics

<b>SECTION C</b>	
<b>Essay question</b>	<b>(40)</b>
<b>Introduction</b>	<b>(2)</b>
<p><i>(The introduction is a <u>moderate to difficult lower-order response</u>, A candidate can use an accepted definition or an appropriate explanation of the topic under discussion as an introduction)</i></p> <p><b>Allocation of marks:</b> TWO marks will be allocated if a candidate can provide a correct definition or an appropriate explanation of the topic under discussion.</p>	
<b>Body: Main part</b>	<b>(26)</b>
<p><i>(The main part is a <u>higher-order response</u> which <u>contains some lower-order elements</u>. E.g. The <u>listing of headings</u> can be regarded as a lower-order response)</i></p> <p style="text-align: center;"><b>Example: If the question reads;</b> <b>Discuss how fiscal policy can be used to smooth out business cycles'.</b></p> <ul style="list-style-type: none"> <li>● <i>The answer must relate to the issue surrounding taxes and government expenditure by showing how they are used in the smoothing of cycles.</i></li> <li>● <i>If a learner only discussed fiscal policy without clearly showing the relationship in smoothing of cycles, the learner cannot obtain maximum marks.</i></li> <li>● <i>Guard against accepting information under a particular heading just because it appears in the text. Sometimes the information does not relate to the question asked.</i></li> <li>● <i>Keep in mind that textbooks give more or less information about a topic than is required by the examination guidelines. In terms of the examination guidelines, more than one question can be asked on a particular topic. The learner must be able to select/ extracts the relevant information and then relate it to the question.</i></li> </ul> <p><b>Allocation of marks:</b></p> <ul style="list-style-type: none"> <li>● ONE mark will be given for a fact that is not written in context / listed / not fully explained.</li> <li>● TWO marks will be given for a fact that is fully explained and relates to the question.</li> </ul> <p>E.g. If the candidate refers to price leadership in his response, and the candidate writes: 'price leader', (a single concept without any further detail) the candidate will only get ONE mark.</p> <p>If the candidate writes; 'the <u>price leader</u> is usually the <u>largest or dominant business</u> in the industry', the candidate will get TWO marks.</p>	
<b>Body: Additional part</b>	<b>(10)</b>
<p><i>(This is a <u>moderate to difficult higher-order question</u> and requires deeper insight and understanding of the particular topic. Candidates must be able to:</i></p> <ul style="list-style-type: none"> <li>● <i>Give their own opinion and then substantiate/demonstrate arguments against or in favour</i></li> <li>● <i>Evaluate and critique certain actions/values... in the economy</i></li> <li>● <i>Analyse certain aspects ... in the economy by unpacking and critique</i></li> <li>● <i>Use economic models, e.g. graphs and diagrams, to explain certain aspects of economics</i></li> </ul> <p><b>Allocation of marks:</b></p> <ul style="list-style-type: none"> <li>● <i>Guard against accepting information under a particular heading just because it appears in the text. Sometimes the information does not relate to the question asked.</i></li> <li>● <i>It must be remembered that textbooks gives more/less information about a topic than is required by the examination guidelines. In terms of the exam guideline more than one question can be asked on the topic. The learner must be able to select the relevant information and relate it to the question.</i></li> <li>● <b>ONE mark</b> will be given to a fact that is not in context / not fully explained.</li> <li>● <b>TWO marks</b> will be given for fact that is fully explained and is within the context of what is been asked in the question.</li> </ul>	

<b>Conclusion</b>	<b>(2)</b>
<p><i>(The conclusion is a <u>moderate to difficult lower-order response</u>, the candidate can use any appropriate final/finishing remark on the topic under discussion)</i></p> <p><b>Allocation of marks:</b> TWO marks will be given if a candidate can provide an <i>appropriate finishing/final remark on the topic under discussion</i>)</p> <p><b>NOTE:</b> To develop critical thinking within the subject economics teachers must comply with the prescribed way of marking, it should start at Gr.10 level.</p>	

## 2.5 Command verb detail

The following list of command verbs, **among others**, gives an indication of the scope and depth of examinable content:

<b>COMMAND VERB</b>	<b>LINK TO EXAMINATION PAPERS</b>
Discuss in detail/In-depth discussion/ Examine/Critically discuss/Analyse/ Compare/Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate/ Draw a graph and explain/Use the graph given and explain/Complete the graph	<p><b>Main part in essay question</b></p> <ul style="list-style-type: none"> <li>● Higher order 20 marks (levels 5 and 6)</li> <li>● Lower order 10 marks (levels 1 and 2)</li> </ul>
Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Construct a graph/Calculate/Deduce/Compare/ Distinguish/Interpret/Justify/Debate/ Propose	<p><b>Additional part in essay question</b></p> <ul style="list-style-type: none"> <li>● Higher order 10 marks (levels 5 and 6)</li> </ul>
Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the graph/ Calculate/Deduce/Compare/Show/ Distinguish/Interpret/Briefly discuss/ Explain/Justify/Briefly debate	<p><b>Single Questions</b></p> <ul style="list-style-type: none"> <li>● One 8 marks middle-order question (levels 3 and 4)</li> <li>● One 8 marks higher-order question (levels 5 and 6)</li> </ul>
Use the: graph/table/diagram/cartoon/ extract/data/information/text and .../ Calculate/Deduce/Compare/Distinguish/ Interpret/Briefly discuss/Briefly explain/ Define/Give a broad outline/Briefly debate/What?/How?/Why?/Show/Give own opinion	<p><b>Data Response Questions</b></p> <ul style="list-style-type: none"> <li>● Middle-order questions</li> <li>● Levels 3 and 4</li> <li>● 10 marks each,</li> <li>● Items will range from easy to difficult</li> </ul>
Choose the correct answer (multiple- choice items)/Match Columns A and B/ Give one concept for/List/What?/How?/ Why?/Show	<p><b>Short and Objective items</b></p> <ul style="list-style-type: none"> <li>● Lower-order items</li> <li>● 1 and 2</li> <li>● Items vary from easy to difficult</li> <li>● 1 or 2 marks each</li> </ul>

<b>THE FOLLOWING ILUSTRATES THE TYPES OF LEARNER RESPONSES IN THE DIFFERENT COGNITIVE LEVELS</b>	
<b>HIGH ORDER</b>	<b>LEVEL 6: CREATING</b>
	<p><b><u>Can the learner create new opinions or points of view?</u></b></p> <ul style="list-style-type: none"> <li>● Propose alternative solutions.</li> <li>● Develop new unique structures, systems, models, approaches, ideas and creative thinking.</li> <li>● Develop plans or procedures, design solutions, integrate methods, resources, ideas, or new approaches, and write protocols or contingencies.</li> <li>● Develop, plan, create, organise, revise, formulate, propose, establish, integrate and re-arrange.</li> </ul>
<b>MIDDLE ORDER</b>	<b>LEVEL 5: EVALUATION</b>
	<p><b><u>Can the learner justify a stand or decision?</u></b></p> <ul style="list-style-type: none"> <li>● Evaluate scenarios; make judgments with evidence and state conclusions appropriately.</li> <li>● Assess effectiveness of whole concepts, in relation to values, outputs, efficacy, viability; critical thinking, strategic comparison and review; judgement relating to external criteria</li> <li>● Review strategic options or plans in terms of efficacy, return on investment or cost-effectiveness, practicability; assess sustainability; perform a SWOT analysis in relation to alternatives; produce a financial justification for a proposition or venture, calculate the effects of a plan or strategy; perform a detailed and cost benefit analysis with recommendations and justifications</li> </ul>
<b>LOWER ORDER</b>	<b>LEVEL 4: ANALYSES</b>
	<p><b><u>Can the learner distinguish between the different parts?</u></b></p> <ul style="list-style-type: none"> <li>● Collect process and analyse information from various sources to evaluate problems and issues.</li> <li>● Interpret elements and principles</li> <li>● Identify constituent parts and functions of a process or concept</li> <li>● Break down ideas into simpler parts</li> </ul>
<b>LOWER ORDER</b>	<b>LEVEL 3: APPLY KNOWLEDGE</b>
	<p><b><u>Can learners use/apply knowledge in a new way?</u></b></p> <ul style="list-style-type: none"> <li>● Use or Apply knowledge (e.g. terms, concepts, theories and methods) and skills (e.g. communication, critical thinking) to discuss problems and issues.</li> <li>● Put theory into practice , generate solutions for economic issues</li> <li>● Apply knowledge to actual situations</li> </ul>
<b>LOWER ORDER</b>	<b>LEVEL 2: COMPREHENSION / UNDERSTANDING</b>
	<p><b><u>Can the learners explain ideas or concepts?</u></b></p> <ul style="list-style-type: none"> <li>● Understand meaning, re-state data in one's own words, explain or interpret meaning from a given scenario or statement, suggest treatment, reaction or solution to given problem, create examples or metaphors</li> <li>● Demonstrate an understanding of the fact</li> </ul>
<b>LOWER ORDER</b>	<b>LEVEL 1: KNOWLEDGE/REMEMBERING</b>
	<p><b><u>Can the learner recall, remember or recognize the information, ideas and principles in the approximate form in which they were learnt?</u></b></p> <ul style="list-style-type: none"> <li>● Demonstrate knowledge (remembering) of the specified content (e.g. key words or concepts or terminologies).</li> </ul>

**NOTE:**

Take cognisance of the following:

- 'Research the world over tells us: that in many instances the only reason why learners can perform with a degree of competency on their final exams, is that the questions on the exams are nearly carbon copies of questions they have seen before; the learners are not being asked to think'.

## 2.6 Higher-order questions

Higher-order questions place advanced cognitive demand on learners. It encourages learners to think beyond literal questions. Higher-order questions promote critical thinking skills because these types of questions expect learners to apply, analyse, synthesize, and evaluate information instead of simply recalling facts. Issues from the real world can be used to either support or refute a point of view.

Higher-order questions require one to make inferences, draw relevant and insightful conclusions and use their knowledge in new situations. It also requires one to relate their thinking to other situations and to their own background knowledge.

Teachers need to realise that there are many more ways to teach than by rote learning. There is teaching for understanding, decision making, problem solving, and connecting a part to a whole, detail to concept, and concept to concept. There also is inference, prediction, analysis for bias, and learning for transfer. Each of these processes requires some form of critical thinking.

Opportunities for learners to develop critical thinking processes are not found in classrooms dominated by the regurgitation of factual content. They are found in classrooms where active learning is an essential component.

- **Features of higher-order questions:**
  - Require learners to **engage with unrehearsed or unfamiliar contexts**.
  - Ask for deep thinking.
  - ***Grounded in CAPS curriculum content.***
- **Types of higher-order-thinking questions: (What? How? Why?)**

**Analysis:** These questions ask learners to dissect key information and analyse essential concepts, themes and processes.  
For example:

  - *How is x related to y?*
  - *What are the major reasons for?*
  - *What is the impact of b on c?*
  - *What is the problem faced by ...?*
  - *What is the main idea? Theme?*
  - *What are some of the problems of ...?*
  - *How is ... similar to/different from ...?*
  - *Why did ... changes occur?*

**Evaluation:** These questions require learners to formulate and justify judgements and criticisms based upon clearly-articulated evaluative criteria.  
For example:

  - *Provide a better solution for ...?*
  - *What are the consequences of ...?*
  - *What are the pros and cons of ...?*
  - *What are the alternatives for ...?*
  - *How effective are...?*

**Creativity/Synthesis:** These questions require learners to formulate a holistic summary of key ideas; provide an integrated, cohesive, sustained response, make inferences; reformulate, reconstruct or create scenarios. Own voice is critical.  
For example:

  - *Based on these facts, what predictions would you make?*
  - *Propose a solution to this problem.*
  - *How can the errors be fixed?*
  - *What alternative will you suggest ...?*

**\*POINTS TO CONSIDER WHEN MARKING HIGHER COGNITIVE QUESTIONS USING A MARKING GUIDELINE**

- It is important to note that a marking guideline essentially gives the marker direction about what answers are acceptable. The learner does NOT have to present answers exactly as in the marking guideline (except objective-type questions). In terms of other questions (SECTION A, SECTION B, list, define, etc.) the essence of what the learners say must be covered by the marking guideline.
- When marking a particular question, e.g. 8 marks, it is important that the learner presents his/her answer in such a way that it answers the question.
- If a learner gives an example only, then 1 mark may be awarded. An explanation of the example can earn further marks.
- In an 8-mark question the maximum marks a learner can earn for examples and explanations should be 4 marks. The marker must check at all times whether the explanation given, answers the question. In higher-order short questions, a maximum of 2 marks (25%) will be allocated for merely listing of facts and examples.
- We need to guard against accepting information under a particular heading because it appears in the text. Sometimes the information does not relate to the question asked.
- It must be remembered that textbooks give more/less information about a topic than is required by the examination guidelines. In terms of the examination guidelines more than one question can be asked on a particular topic. The learner must be able to select/extract the relevant information and relate to it in the question.
- Sometimes textbooks have information under a heading that seems abstract when compared to the exam requirement. The important aspect to bear in mind is that not all information in the text may be relevant to the question.

## 3. CONTENT

<b>MAIN TOPIC: MACROECONOMICS</b>	
<b>TOPIC 1: CIRCULAR-FLOW MODEL</b>	<b>CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES</b>
<p><b>Present the circular-flow model as a macroeconomic model:</b></p> <p><b>1.1 The open-economy circular-flow model</b></p> <p style="padding-left: 20px;">- <b>Equations</b></p> <p style="padding-left: 20px;">- <b>Markets</b></p> <p><b>1.2 National account aggregates</b></p> <p><b>National account conversions</b></p>	<p>(Focus: Relevant concepts, interaction between participants, markets, flows, injections, leakages and equilibrium in the economy)</p> <ul style="list-style-type: none"> <li>• Briefly describe the <b>concepts</b> related to the circular flow.</li> <li>• Draw and interpret an <b>open four-sector circular-flow diagram</b>.</li> <li>• Discuss the 4 <b>participants</b> and inter relationships between them: <ul style="list-style-type: none"> <li>- Household, business, state and foreign sector</li> <li>- Real flows and money flows</li> <li>- Show the relationship of the financial sector in the circular flow</li> </ul> </li> <li>• Justify the equality: <math>L = J</math> and indicate its component elements: <ul style="list-style-type: none"> <li>- Injections (<math>J = I + G + X</math>)</li> <li>- Leakages (<math>L = S + T + M</math>)</li> </ul> </li> <li>• Brief explanation of an economy in equilibrium: <ul style="list-style-type: none"> <li>- <math>Y = C + I + G + (X - M)</math></li> </ul> </li> <li>• Relate aggregate spending (consumption) to income.</li> <li>• Explain concepts <b>autonomous consumption</b> and <b>marginal propensity to consume</b> (mpc)</li> <li>• <b>Discuss in detail the markets within the FOUR-SECTOR model:</b> <ul style="list-style-type: none"> <li>- <b>Factor markets: (labour, resource, capital)</b></li> <li>- <b>Product markets: (consumer and capital goods, durable, semi-durable and non-durable)</b></li> <li>- <b>Financial (monetary and capital)</b></li> <li>- <b>Foreign exchange market</b></li> <li>- Link the operation of financial and foreign exchange markets to the participants of the circular flow</li> </ul> </li> </ul> <p>(Focus: Relevant concepts, deducing, interpretation, analyses of aggregates and conversions)</p> <ul style="list-style-type: none"> <li>• Briefly describe the <b>concepts</b> GDP and GNP</li> <li>• Discuss the THREE <b>methods</b> to determine GDP using data tables: <ul style="list-style-type: none"> <li>- Production GDP(P)</li> <li>- Income GDP(I)</li> <li>- Expenditure GDP(E)</li> </ul> </li> <li>• Analyse, interpret and derive aggregates from data tables</li> <li>• Analyse the national account conversions: <ul style="list-style-type: none"> <li>- Factor cost, basic prices, market prices</li> <li>- Taxes and subsidies on production</li> <li>- Taxes and subsidies on products</li> <li>- GDP to GNP</li> </ul> </li> <li>• Explain the <b>purpose</b> of the System of National Accounts (SNA) as outlined by the United Nations (UN)</li> </ul>

**1.3 The multiplier**

(Focus: Relevant concepts, calculations, interpretation or graphical explanation, deduce and apply)

- Briefly describe the **concept** multiplier
- Explanation of the **multiplier process**. (Relate to circular flow and examples).
- Calculate the **value** of the multiplier using the **basic formulae** (2-sector model):
  - $\frac{1}{1-mpc}$
  - $\frac{1}{mps}$
  - $\frac{\Delta Y}{\Delta E}$
- Application of basic formula (2-sector model)
- Brief reference to the impact of a 3-sector and 4-sector economy on the value of the multiplier
- Explain the multiplier with the use of a well-labelled graph.

TOPIC 2: BUSINESS CYCLES	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><b>Analysis and explanation of business cycles, and how they are used in forecasting.</b></p> <p><b>2.1 The composition and features of business cycles</b></p> <p><b>2.2 Explanations/Causes</b></p> <p><b>2.3 Government policy</b></p> <p><b>2.4 The new economic paradigm (smoothing of cycles)</b></p> <p><b>2.5 Features underpinning forecasting business cycles</b></p>	<p>(Focus: Relevant concepts, composition, explanation, government policies, new economic paradigm and features underpinning forecasting in respect of South African conditions)</p> <ul style="list-style-type: none"> <li>• Briefly describe the <b>concepts</b></li> <li>• Briefly explain the <b>nature</b> of business cycles</li> <li>• Demonstrate/Illustrate a <b>typical business cycle</b></li> <li>• Use a diagram and briefly discuss the different <b>phases</b> in a business cycle</li> <li>• Broadly outline the <b>real</b> business cycle.</li> </ul> <ul style="list-style-type: none"> <li>• Discuss the <b>exogenous (monetarist)</b> explanation</li> <li>• Discuss the <b>endogenous (Keynesian)</b> explanation</li> <li>• Compare both explanations</li> <li>• Give a broad outline of the <b>types</b> of business cycles (Kitchin, Jugler, Kuznets and Kondratieff)</li> </ul> <ul style="list-style-type: none"> <li>• Explain the composition of the following policies: <ul style="list-style-type: none"> <li>- <b>Fiscal policy</b> <ul style="list-style-type: none"> <li>○ Taxes and government expenditure</li> <li>○ Briefly relate to the budget</li> </ul> </li> <li>- <b>Monetary policy</b> <ul style="list-style-type: none"> <li>○ Interest rates (repo rate)</li> <li>○ Open market transactions</li> <li>○ Cash reserve requirement</li> <li>○ Moral suasion</li> </ul> </li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• <b>Discuss in detail 'The new economic paradigm'/Explain the 'smoothing of cycles'</b> <ul style="list-style-type: none"> <li>- <b>Explain demand-side policies.</b> <ul style="list-style-type: none"> <li>○ Explain clearly how monetary and fiscal policies (expansionary and contractionary) can be used in smoothing out business cycles</li> <li>○ Relate to inflation (peak) and unemployment (trough) by using the Phillips curve</li> </ul> </li> <li>- <b>Explain supply-side policies and how aggregate supply can be stimulated through:</b> <ul style="list-style-type: none"> <li>○ Reduction in costs</li> <li>○ Improving efficiency in inputs</li> <li>○ Improving efficiency in markets</li> </ul> </li> </ul> </li> <li>• Explain the effect of demand-side and supply-side policies using a graph (aggregate demand and aggregate supply).</li> </ul> <ul style="list-style-type: none"> <li>• Briefly describe the relevant concepts</li> <li>• <b>Discuss in detail the features underpinning forecasting:</b> <ul style="list-style-type: none"> <li>- <b>Indicators</b> <ul style="list-style-type: none"> <li>○ Leading</li> <li>○ Coincidence</li> <li>○ Lagging</li> <li>○ Composite</li> </ul> </li> <li>- <b>Length of a cycle</b></li> <li>- <b>Amplitude</b></li> <li>- <b>The trend line</b></li> <li>- <b>Extrapolation</b></li> <li>- <b>Moving averages</b></li> </ul> </li> <li>• Use a diagram and discuss the cycle length, amplitude and the trend line as features underpinning forecasting.</li> </ul>

TOPIC 3: PUBLIC SECTOR	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><b>Evaluate the role of the public sector in the economy with special reference to its socio-economic responsibility in the South African context</b></p> <p><b>3.1 The composition and necessity of the public sector</b></p> <p><b>3.2 Problems of public sector provisioning</b></p> <p><b>3.3 Objectives of the public sector</b></p> <p><b>3.4 Budgets</b></p> <p><b>3.5 Fiscal policy (including Laffer curve)</b></p>	<p>(Focus: Composition and necessity of public sector, problems of public sector provisioning, objectives, fiscal policy and reasons for public sector failure)</p> <ul style="list-style-type: none"> <li>• Briefly describe the <b>composition</b> of the public sector</li> <li>• Explain the <b>necessity</b> of the public sector: <ul style="list-style-type: none"> <li>- To supply public goods</li> <li>- To conserve resources</li> <li>- To manage the economy</li> </ul> </li> <li>• Discuss how each of the following factors contributes to poor public sector provisioning: <ul style="list-style-type: none"> <li>- Accountability</li> <li>- Efficiency</li> <li>- Assessing needs</li> <li>- Pricing policy</li> <li>- Parastatals</li> <li>- Privatisation/Nationalisation</li> </ul> </li> <li>• <i>Discuss in detail the main objectives of the public sector in the economy</i> <ul style="list-style-type: none"> <li>- <b>Economic growth</b></li> <li>- <b>Full employment</b></li> <li>- <b>Exchange rate stability / Balance of Payments equilibrium</b></li> <li>- <b>Price stability</b></li> <li>- <b>Economic equity</b></li> </ul> </li> <li>• Broadly outline the various budgets</li> <li>• Emphasise public debt as a % of GDP</li> <li>• Analyse current <b>main budget</b> data relating to: <ul style="list-style-type: none"> <li>- Taxes</li> <li>- Sources of income</li> <li>- Expenditure allocation</li> <li>- Personal income tax tables (tax calculation)</li> </ul> </li> <li>• Differentiate between <b>Medium Term Expenditure Framework (MTEF)</b> and <b>Medium Term Budget Policy Statement (MTBPS)</b></li> <li>• Explain how socio-economic rights are embedded in the budgets of the South African government</li> <li>• Briefly discuss the following: <ul style="list-style-type: none"> <li>- The main <b>variables</b> (tax and government expenditure)</li> <li>- <b>Features</b> of fiscal policy: goal-bound, demand-based, cyclical</li> </ul> </li> <li>• Discuss the <b>effects</b> of fiscal policy. <ul style="list-style-type: none"> <li>- Income distribution</li> <li>- Consumption</li> <li>- Price level</li> <li>- Incentives/Disincentives in relation to the <b>Laffer curve</b></li> <li>- (Draw and interpret the Laffer curve)</li> <li>- Discretion</li> </ul> </li> </ul>

## Examination Guidelines

**3.6 Public sector failure**

- Briefly explain the features of public sector failure:
  - Ineffectiveness
  - inefficiency
- ***Discuss in detail the reason(s) for public sector failure ( link them to typical problems experienced through public sector provisioning)***
- :
  - **Management failure**
  - **Apathy**
  - **Lack of motivation**
  - **Bureaucracy**
  - **Politicians**
  - **Structural weaknesses**
  - **Special interest groups**
- Briefly explain the following **effects** of public sector failure:
  - Allocation of resources
  - Economic instability
  - Distribution of income
  - Social instability

Infuse where appropriate: national macroeconomic policy and service delivery with regard to socio-economic rights, education, health and the environment, social security, convention of the rights of the child, taxation and compensation for human rights abuses.

TOPIC 4: FOREIGN EXCHANGE MARKETS	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><b>Examination of the foreign exchange market, the establishment of exchange rates, and show how the Balance of Payments Account is affected</b></p> <p><b>4.1 The main reasons for international trade</b></p> <p><b>4.2 The Balance of Payments</b></p>	<p>(Focus: Reasons for and effects of international trade, balance of payments, foreign exchange, foreign exchange markets and the correction of disequilibria in the foreign exchange market)</p> <ul style="list-style-type: none"> <li>• <i>Discuss in detail the reasons for international trade</i> <p><b>Demand reasons:</b></p> <ul style="list-style-type: none"> <li>- <b>Size of population</b></li> <li>- <b>Income levels</b></li> <li>- <b>Change in the wealth of the population</b></li> <li>- <b>Preferences and taste</b></li> <li>- <b>The difference in consumption patterns</b></li> <li>- <b>Absolute and Comparative advantage</b></li> </ul> <p><b>Supply reasons:</b></p> <ul style="list-style-type: none"> <li>- <b>Natural resources</b></li> <li>- <b>Climatic conditions</b></li> <li>- <b>Labour resources</b></li> <li>- <b>Technological resources</b></li> <li>- <b>Specialisation</b></li> <li>- <b>Capital</b></li> </ul> </li> <li>• Briefly discuss the following <b>effects</b> of international trade: <ul style="list-style-type: none"> <li>- Specialisation</li> <li>- Mass production</li> <li>- Efficiency</li> <li>- Globalisation</li> </ul> </li> <li>• Briefly describe the <b>concepts</b></li> <li>• Explain the value/purpose of the BoP</li> <li>• *Discuss the <b>composition</b> of the <b>current BoP</b> (which changed recently) in terms of the different accounts. Each item within the accounts should be explained.</li> </ul> <div style="border: 1px solid black; padding: 5px;"> <p><b>1. CURRENT ACCOUNT</b>  Goods exports  + Net gold exports  + Services receipts  + Income receipts  less Merchandise imports  less Payment for services  less Income payments  Current transfers (net receipts)  Balance on Current Account  Memo item: trade balance</p> <p><b>2. CAPITAL TRANSFER ACCOUNT</b></p> <p><b>NET LENDING TO (+) OR BORROWING FROM (-) REST OF THE WORLD</b></p> <p><b>3. FINANCIAL ACCOUNT</b>  Net direct investment  Net portfolio investment  Net financial derivatives  Net other investments  Reserve assets (SDR allowances)  <b>Balance on Financial Account</b>  Memo item: balance on Financial Account excluding reserve assets.  Unrecorded transactions</p> </div>

<p><b>4.3 Corrections of Balance of Payments surplus and deficit (disequilibria)</b></p>	<ul style="list-style-type: none"> <li>• Discuss the different <b>measures to correct</b> the BoP surplus and deficit (disequilibria): <ul style="list-style-type: none"> <li>- Interest rates</li> <li>- Import controls</li> <li>- Borrowing and lending</li> <li>- Change in demand</li> <li>- Export promotion</li> <li>- Import substitution</li> <li>- Change in exchange rates</li> </ul> </li> </ul>
<p><b>4.4 Foreign exchange markets</b></p>	<ul style="list-style-type: none"> <li>• Describe the <b>concepts</b> (types of exchange rates, appreciation, depreciation, devaluation, revaluation, <b>foreign exchange control</b>)</li> <li>• Supply and demand of foreign exchange <ul style="list-style-type: none"> <li>- Factors affecting demand</li> <li>- Factors affecting supply</li> <li>- Exchange rate <b>equilibrium</b> (draw and interpret graphs)</li> <li>- <b>Changes</b> to equilibrium (draw and interpret graphs)</li> <li>- Briefly explain <b>interventions</b> in the market</li> </ul> </li> </ul>
<p><b>4.5 The establishment of foreign exchange rates</b></p>	<ul style="list-style-type: none"> <li>• Briefly explain the following <b>exchange rate systems</b>: <ul style="list-style-type: none"> <li>- Free floating (linked to South Africa)</li> <li>- Managed floating</li> <li>- Fixed</li> </ul> </li> <li>• Describe the <b>terms of trade</b> under the following headings: <ul style="list-style-type: none"> <li>- Description</li> <li>- Formula</li> <li>- The effect on the economy</li> </ul> </li> </ul>

<b>MAIN TOPIC: MICROECONOMICS</b>	
<b>TOPIC 5: PERFECT MARKETS</b>	<b>CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES</b>
<p><b>Examine the dynamics of perfect markets with the aid of cost and revenue curves</b></p> <p><b>5.1 Perfect competition</b></p> <p><b>5.2 Individual business and industry</b></p> <p><b>5.3 Market structure</b></p> <p><b>5.4 Output, profits, losses and supply</b></p> <p><b>5.4.1 Individual business</b></p> <p><b>5.4.2 The industry</b></p> <p><b>5.5 Competition policies</b></p>	<div style="border: 1px solid black; padding: 5px;"> <p><b>NOTE:</b></p> <ol style="list-style-type: none"> <li>1. Review cost and revenue tables and curves done in Grade 11.</li> <li>2. Distinguish between short and long term/run.</li> <li>3. Graphs can be tested as a middle order 8 marker in the following ways”               <ul style="list-style-type: none"> <li>- Draw a graph only/draw a graph and explain/provide an explanation to a given graph</li> </ul> </li> </ol> </div> <ul style="list-style-type: none"> <li>• Briefly describe the <b>concept</b></li> <li>• Examine the <b>characteristics</b> of a perfect market.</li> </ul> <ul style="list-style-type: none"> <li>• Distinguish between individual businesses and the industry.</li> <li>• Use graphs to explain the <b>derivation of the demand curve</b> for the individual business.</li> <li>• Construct a revenue table to show that <math>D = P = AR = MR</math></li> <li>• Use graphs to explain <b>profit maximisation</b> using:           <ul style="list-style-type: none"> <li>- Total cost and total revenue curves</li> <li>- Marginal cost and marginal revenue curves</li> </ul> </li> <li>• Derive the supply curve from cost curves</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>The examination of individual business and industry should be accompanied by an analysis of tables and graphs.</p> </div> <ul style="list-style-type: none"> <li>• Briefly describe the concept</li> <li>• Briefly recap comparisons between the main market structures done in Grade 11 (number of business, nature of business, examples, entry into market, prices). Refer to 6.5 for detail comparison, after completion of all four market structures.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Discuss in detail the various equilibrium positions with the aid of graphs:</b> <ul style="list-style-type: none"> <li>- Economic profit</li> <li>- Economic loss</li> <li>- Normal profit (short and long run)</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Explain economic profit/economic loss/normal profit with the aid of graphs(short run).</li> <li>• Explain normal profit with the aid of graph (Long run)</li> <li>• Explain <b>shutdown point</b> using costs and revenue (FC, VC, TC, TR) and explain graphically (AR and AVC)</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Show the relationship between the industry equilibrium positions and the individual firm’s equilibrium positions with graphs, i.e. how entry and exit into the market influence equilibrium position from the short run to the long run.</p> </div> <ul style="list-style-type: none"> <li>• Describe the <b>aims/objectives</b> of the competition policy</li> <li>• Briefly describe the Competition Act, 1998 (Act 89 of 1998), as amended</li> <li>• Explain the role of the <b>Competition Commission, Competition Tribunal and Competition Appeal Court</b></li> <li>• Explain South Africa's <b>anti-monopolistic policy</b></li> <li>• Evaluate the successes/failures of the competition policy. (relate to current examples)</li> </ul>

TOPIC 6: IMPERFECT MARKET	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Examine the dynamics of imperfect markets with the aid of cost and revenue curves</p> <p><b>6.1 The dynamics of imperfect markets with the aid of cost and revenue curves</b></p> <p><b>6.2 Monopolies</b></p> <p><b>6.3 Oligopolies</b></p> <p><b>6.4 Monopolistic competition</b></p>	<ul style="list-style-type: none"> <li>• Explain the following in an imperfect market: <ul style="list-style-type: none"> <li>- <b>Income/Revenue</b> <ul style="list-style-type: none"> <li>○ Revenue schedule (a review)</li> <li>○ Average and marginal revenue curves</li> </ul> </li> <li>- <b>Costs</b> <ul style="list-style-type: none"> <li>○ Cost schedule (a review)</li> <li>○ Average and marginal cost curves</li> </ul> </li> </ul> </li> <li>• <b>Discuss the monopoly in detail (with/without the aid of graphs):</b> <ul style="list-style-type: none"> <li>- <b>Concept</b></li> <li>- <b>Characteristics</b></li> <li>- <b>Economic profit, economic loss (short run)</b></li> <li>- <b>Economic profit (Long-run )</b></li> </ul> </li> <li>• Briefly describe the <b>concept</b></li> <li>• Emphasise and highlight good practical examples of businesses in this market</li> <li>• Examine the <b>characteristics</b> in detail</li> <li>• Distinguish between natural and artificial monopolies</li> <li>• Explain the downward slope of the demand curve (AR)</li> <li>• Explain the <b>marginal revenue curve</b> (Show the relationship between the <b>demand curve (AR)</b> and the <b>MR curve</b> graphically)</li> <li>• Explain, with the aid of graphs, <b>economic profit</b> and <b>economic loss</b></li> <li>• Explain the <b>long-run equilibrium position</b> with the aid of a graph</li> <li>• <b>Examine the oligopoly in detail:</b> <ul style="list-style-type: none"> <li>- <b>Concept</b></li> <li>- <b>Characteristics</b></li> <li>- <b>Kinked-demand curve</b></li> </ul> </li> <li>• Briefly describe the <b>concept</b></li> <li>• Emphasise and highlight good practical examples of businesses in this market</li> <li>• Examine the <b>characteristics</b> of the oligopoly</li> <li>• Explain <b>non-price competition</b> (emphasise, amongst others, advertising, product differentiation and branding)</li> <li>• Discuss <b>collusion</b> (relate to current examples of collusive behaviour)</li> <li>• Distinguish between overt (explicit) collusion (cartels) and tacit (implicit) collusion (<i>price leadership</i>)</li> <li>• Broad outline of <b>prices and production levels</b></li> <li>• Broad outline of the rationale of the <b>kinked demand curve</b></li> <li>• Use the <b>kinked demand curve</b> and explain why oligopolists are reluctant to compete on prices.</li> <li>• Briefly describe the <b>concept</b> <ul style="list-style-type: none"> <li>- Emphasise and highlight good practical examples of businesses in this market.</li> <li>- Briefly discuss product differentiation in this market</li> </ul> </li> <li>• Examine the <b>characteristics</b></li> <li>• Explain <b>non-price competition</b> (emphasise, amongst others, advertising, product differentiation and branding among other examples of non-price competition)</li> <li>• Broad outline of <b>prices and production levels</b></li> </ul>

<b>6.5 Compare and contrast market structures</b>	<ul style="list-style-type: none"><li>• <b><i>Compare and contrast any TWO types of market structures (perfect to imperfect/imperfect to imperfect) in detail</i></b> in terms of the following.<ul style="list-style-type: none"><li>- <b>Number of businesses</b></li><li>- <b>Nature of product</b></li><li>- <b>Entrance</b></li><li>- <b>Control over prices</b></li><li>- <b>Information</b></li><li>- <b>Examples</b></li><li>- <b>Demand curve</b></li><li>- <b>Economic profit/loss</b></li><li>- <b>Decision-making</b></li><li>- <b>Collusion</b></li><li>- <b>Productive/Technical efficiency</b></li><li>- <b>Allocative efficiency</b></li></ul></li></ul>
---	--

TOPIC 7: MARKET FAILURE	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><b>Explain the reasons for and consequences of market failures, reflecting on the cost-benefit analysis</b></p> <p><b>7.1 The causes of market failures</b></p> <p><b>7.2 Consequences of market failures</b></p> <p><b>7.3 Cost-benefit analysis</b></p>	<ul style="list-style-type: none"> <li>• <i>Discuss in detail how the following factors lead to the misallocation of resources in the market:</i> <ul style="list-style-type: none"> <li>- Externalities</li> <li>- Missing markets</li> <li>- Imperfect competition</li> <li>- Lack of information</li> <li>- Immobility of factors of production</li> <li>- Imperfect distribution of income and wealth</li> </ul> </li> <li>• Compare the following inefficiencies with the aid of a well-labelled graph: <ul style="list-style-type: none"> <li>- Productive inefficiency</li> <li>- Allocative inefficiency</li> </ul> </li> <li>• Describe the following with the aid of well-labelled graphs: <ul style="list-style-type: none"> <li>- Negative externalities</li> <li>- Positive externalities</li> </ul> </li> <li>• <i>Discuss in detail state intervention as a consequence of market failures, with the aid of relevant graphs</i> <ul style="list-style-type: none"> <li>- Direct control</li> <li>- Imperfect markets</li> <li>- Minimum wages</li> <li>- Maximum prices</li> <li>- Minimum prices</li> <li>- Taxes and subsidies</li> <li>- Subsidies on goods and services</li> <li>- Redistribution of wealth</li> <li>- Government involvement in production</li> </ul> </li> <li>• Describe the <b>concept</b> cost-benefit analysis</li> <li>• Describe the <b>reasons</b> for a CBA</li> <li>• Apply the CBA in <b>practice</b></li> </ul>

<b>MAIN TOPIC: ECONOMIC PURSUITS</b>	
<b>TOPIC 8: PROTECTIONISM AND FREE TRADE</b>	<b>CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES</b>
<p><b>Discussion of protectionism and free trade; Evaluate South African international trade policies and major protocols in terms of the following:</b></p> <p><b>8.1 Export promotion</b></p> <p><b>8.2 Import substitution</b></p> <p><b>8.3 Protectionism</b></p> <p><b>8.4 Free trade</b></p> <p><b>8.5 A desirable mix</b></p> <p><b>8.6 An evaluation</b></p>	<p>(Focus on export promotion, import substitution, protectionism and free trade)</p> <ul style="list-style-type: none"> <li>• <b>Discuss in detail export promotion:</b> <ul style="list-style-type: none"> <li>- Definition</li> <li>- Methods</li> <li>- Reasons/Advantages</li> <li>- Disadvantages</li> </ul> </li> <li>• Discuss <b>import substitution:</b> <ul style="list-style-type: none"> <li>- Definition</li> <li>- Methods</li> <li>- Reasons/Advantages</li> <li>- Disadvantages</li> </ul> </li> <li>• <b>Discuss in detail the arguments in favour of protectionism:</b> <ul style="list-style-type: none"> <li>- Industrial development</li> <li>- Infant industries</li> <li>- Stable wage levels and high standard of living</li> <li>- Increased employment</li> <li>- Self-sufficiency and strategic industries</li> <li>- Prevention of dumping</li> <li>- Stable exchange rates and BoP</li> <li>- Protection of natural resources</li> </ul> </li> <li>• Explain the following <b>arguments</b> in favour of <b>free trade:</b> <ul style="list-style-type: none"> <li>- Specialisation</li> <li>- Economies of scale</li> <li>- Choices/Increased welfare</li> <li>- Innovations/Best practice</li> <li>- Improved international relations</li> </ul> </li> <li>• Briefly describe the concept <b>desirable mix</b></li> <li>• Briefly explain the desirable mix between: <ul style="list-style-type: none"> <li>- Import substitution and export promotion</li> <li>- Protection and free trade</li> </ul> </li> <li>• Explain trade liberalisation and the role of the World Trade Organisation (WTO) as part of globalisation <ul style="list-style-type: none"> <li>• Briefly explain the different forms of economic integration (cite appropriate examples)</li> </ul> </li> <li>• Briefly <b>evaluate</b> the following South Africa's <b>trade policies:</b> <ul style="list-style-type: none"> <li>- Import substitution and export promotion</li> <li>- Protection and free trade</li> </ul> </li> <li>• <b>Briefly evaluate</b> the successes and failures of the following South Africa's <b>trade protocols:</b> <ul style="list-style-type: none"> <li>- Southern African Custom Union (SACU)</li> <li>- Multilateral Monetary Area (MMA)</li> <li>- Southern Africa Development Community (SADC)</li> <li>- African Union (AU)</li> <li>- European Union (EU)</li> <li>- Mercusor</li> <li>- AGOA</li> <li>- Japan – South Africa's Partnership Forum</li> <li>- Brazil, Russia, India, China and SA (BRICS)</li> </ul> </li> </ul>

TOPIC 9: ECONOMIC GROWTH AND DEVELOPMENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Compare South African growth and development policies in terms of international benchmarks; also highlight the North/South divide</p> <p>9.1 The demand-side approach</p> <p>9.2 The supply-side approach</p> <p>9.3 Approaches to growth and development policies used in South Africa</p> <p>9.4 The North/South divide</p>	<ul style="list-style-type: none"> <li>• Distinguish between <b>growth</b> and <b>development</b></li> <li>• <i>Discuss in detail</i> the demand-side approach in promoting growth and development in South Africa <ul style="list-style-type: none"> <li>- Give an overview of the <b>demand-side approach</b>: <ul style="list-style-type: none"> <li>○ <b>The monetary policy</b> (interest rate changes, open market transactions, moral suasion)</li> <li>○ <b>The fiscal policy</b> (progressive personal income tax, wealth tax, cash benefits, natural benefits, other redistribution, land restitution and redistribution, subsidies on property)</li> </ul> </li> </ul> </li> <li>• <i>Discuss</i> the <b>supply-side</b> approach in promoting growth and development in South Africa <ul style="list-style-type: none"> <li>- Give an overview of the <b>supply-side approach</b>: <ul style="list-style-type: none"> <li>○ Efficiency and effectiveness of markets</li> <li>○ Business efficiency</li> <li>○ The cost of doing business</li> </ul> </li> </ul> </li> <li>• <i>Discuss in detail the following South African growth and development policies and strategic initiatives</i>: <ul style="list-style-type: none"> <li>- Reconstruction and Development policy (RDP)</li> <li>- Growth, Employment and Redistribution Programme (GEAR)</li> <li>- National Skills Development Strategy (NSDS)</li> <li>- Accelerated and Shared Growth Initiative for South Africa (AsgiSA)</li> <li>- Joint Initiative on Priority Skills Acquisition (JIPSA)</li> <li>- Expanded Public Works Programme (EPWP)</li> <li>- The New Growth Path (NGP)</li> <li>- National Development Plan (NDP)</li> <li>- Small Business Development Promotion Programme</li> <li>- Black Economic Empowerment Programmes</li> </ul> </li> <li>• Compare countries in the North to those in the South with respect to the following: <ul style="list-style-type: none"> <li>- Unequal <b>standards of living</b> (per capita income, life expectancy, education)</li> <li>- <b>Challenges</b> of globalisation (poverty, growth, trade)</li> <li>- <b>Environment</b> (countries in the North, countries in the South)</li> </ul> </li> </ul>

TOPIC 10: REGIONAL DEVELOPMENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><b>Justify South Africa's industrial development policies and their suitability in terms of international best practice</b></p>	
<p><b>10.1 Industrial development in South Africa</b></p>	<ul style="list-style-type: none"> <li>• Briefly describe the <b>concept</b> 'industrial development'</li> <li>• Explain the <b>reasons</b> for industrial development</li> <li>• Briefly explain South Africa's <b>Industrial Development Policies</b>: <ul style="list-style-type: none"> <li>- The focus of the National Industrial Policy Framework (<b>NIPF</b>)</li> <li>- The focus of the Industrial Policy Action Plan (<b>IPAP</b>)</li> </ul> </li> <li>• Briefly explain the following <b>Industrial Development Strategies</b>: <ul style="list-style-type: none"> <li>- The focus of the National Research and Development Strategy (<b>NRDS</b>)</li> <li>- The focus of the Integrated Manufacturing Strategy (<b>IMS</b>)</li> </ul> </li> </ul>
<p><b>10.2 Regional development</b></p>	<ul style="list-style-type: none"> <li>• Outline the <b>aims</b> of regional development</li> </ul>
<p><b>10.3 South Africa's endeavours</b></p>	<ul style="list-style-type: none"> <li>• <b>Discuss in detail South Africa's initiatives (endeavours) in regional development:</b> <ul style="list-style-type: none"> <li>- <b>Spatial development initiatives (SDI's)</b></li> <li>- <b>Corridors</b></li> <li>- <b>Industrial Development Zones (IDZ's)</b></li> <li>- <b>Special Economic Zones (SEZ's)</b></li> </ul> </li> <li>• Discuss <b>spatial development initiatives (SDIs)</b> in South Africa and link to <b>private-public partnerships</b>.</li> <li>• Discuss <b>corridors</b> in South Africa</li> <li>• Discuss <b>Industrial Development Zones (IDZs)</b> in South Africa</li> <li>• Discuss <b>Special Economic Zones (SEZs)</b> in South Africa. (Relate this new development to the shortcomings of the IDZs and the benefits of SEZs)</li> <li>• Name the various spatial initiatives (SDI, corridors). Indicate/Identify them on a map of SA</li> </ul>
<p><b>10.4 Incentives to encourage industrial development</b></p>	<ul style="list-style-type: none"> <li>• Briefly discuss the <b>incentives</b> used by the SA government to improve industrial development: <ul style="list-style-type: none"> <li>- Small Businesses Support Program</li> <li>- SEDA Technology Program (STP)</li> <li>- Skills Support Program (SSP)</li> <li>- Critical Infrastructure Facilities</li> <li>- Custom-free incentives</li> <li>- Foreign investment incentives</li> <li>- Strategic Investment Program</li> <li>- Services to Business Processes</li> </ul> </li> </ul>
<p><b>10.5 Appropriateness of South Africa's industrial policies</b></p>	<ul style="list-style-type: none"> <li>• Outline the appropriateness of South Africa's industrial policies.</li> </ul>

<p><b>10.6 Appropriateness of South Africa's regional development policies in terms of benchmark criteria</b></p>	<ul style="list-style-type: none"> <li>• Briefly discuss regional development in terms of the following benchmark criteria             <ul style="list-style-type: none"> <li>- Free market orientation</li> <li>- Competitiveness</li> <li>- Sustainability</li> <li>- Good governance</li> <li>- Provisioning of resources</li> <li>- Investment of social capital</li> <li>- Integration</li> <li>- Partnerships</li> </ul> </li> <li>• Briefly evaluate South Africa's regional development policies in terms of the above benchmarks.</li> </ul>
<p><b>10.7 Small business development</b></p>	<ul style="list-style-type: none"> <li>• Explanation and evaluation</li> </ul>
<p><b>10.8 The appropriateness of black economic empowerment in the SA economy</b></p>	<ul style="list-style-type: none"> <li>• Explanation and evaluation of BBBEE</li> </ul>

TOPIC 11: ECONOMIC AND SOCIAL INDICATORS	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analyse South Africa's economic and social performance indicators and their uses</p> <p><b>11.1 Assessing the performance of an economy</b></p> <p><b>11.2 Economic indicators</b></p> <p><b>11.3 Social indicators</b></p>	<ul style="list-style-type: none"> <li>• Briefly describe the <b>concepts</b></li> <li>• Briefly discuss the importance of <b>measuring</b> the performance of the economy</li> <li>• <b>Discuss in detail the following economic indicators:</b> <ul style="list-style-type: none"> <li>- <b>Inflation rate indicators</b> <ul style="list-style-type: none"> <li>○ Production prices (PPI)</li> <li>○ Consumer prices (CPI)</li> </ul> </li> <li>- <b>Foreign trade indicators</b> <ul style="list-style-type: none"> <li>○ Terms of trade</li> <li>○ The exchange rate</li> </ul> </li> <li>- <b>Employment indicators</b> <ul style="list-style-type: none"> <li>○ Economically active population (EAP)</li> <li>○ Employment rate</li> <li>○ Unemployment rate</li> </ul> </li> <li>- <b>Productivity indicators</b> <ul style="list-style-type: none"> <li>○ Labour productivity</li> <li>○ Remuneration per worker</li> </ul> </li> <li>- <b>Interest rate indicators</b> <ul style="list-style-type: none"> <li>○ Repo rate (link to other interest rates such as prime rate)</li> </ul> </li> <li>- <b>Money supply indicators</b> <ul style="list-style-type: none"> <li>○ M1</li> <li>○ M2</li> <li>○ M3</li> </ul> </li> </ul> </li> <li>• <b>Discuss in detail the following social indicators:</b> <ul style="list-style-type: none"> <li>- <b>Demographic indicators</b> <ul style="list-style-type: none"> <li>○ Population growth</li> <li>○ Life expectancy</li> </ul> </li> <li>- <b>Nutrition and health indicators</b> <ul style="list-style-type: none"> <li><b>Nutrition</b> <ul style="list-style-type: none"> <li>○ Malnutrition</li> <li>○ Obesity</li> </ul> </li> <li><b>Health</b> <ul style="list-style-type: none"> <li>○ Child mortality</li> <li>○ Under 5 mortality</li> <li>○ Spending on health</li> <li>○ Access to clean water</li> <li>○ Access to sanitation</li> </ul> </li> </ul> </li> <li>- <b>Education</b> <ul style="list-style-type: none"> <li>○ Percentage public-sector spending</li> <li>○ Percentage enrolment in secondary schools</li> </ul> </li> <li>- <b>Services</b> <ul style="list-style-type: none"> <li>○ Electricity</li> <li>○ Refuse/Garbage removal</li> <li>○ Water supply</li> <li>○ Sanitation</li> </ul> </li> </ul> </li> </ul>

<b>11.4 International comparisons</b>	<ul style="list-style-type: none"><li>- <b>Housing and urbanisation</b><ul style="list-style-type: none"><li><b>Housing</b><ul style="list-style-type: none"><li>○ Number of houses completed</li></ul></li><li><b>Urbanisation</b><ul style="list-style-type: none"><li>○ Natural growth in population</li><li>○ Migration</li><li>○ Founding of new towns</li></ul></li></ul></li><li>• Compare South Africa's growth and development performance with that of other countries by focusing on the following:<ul style="list-style-type: none"><li>- Globalisation</li><li>- International standardisation (IMF, World bank, UN)</li><li>- Financial aid and support</li><li>- Comparison and forecasting</li></ul></li></ul>
---------------------------------------	--

<b>MAIN TOPIC: CONTEMPORARY ECONOMIC ISSUES</b>	
<b>TOPIC 12: INFLATION</b>	<b>CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES</b>
<p>Analyse and investigate inflation and the policies used to combat it</p> <p><b>12.1 Inflation</b></p> <p><b>12.2 Types and characteristics of inflation</b></p> <p><b>12.3 Causes of inflation</b></p> <p><b>12.4 Consequences of inflation</b></p> <p><b>12.5 The inflation problem in South Africa</b></p> <p><b>12.6 Measures to combat inflation</b></p> <p><b>12.7 Inflation targets</b></p>	<ul style="list-style-type: none"> <li>• Briefly describe the <b>concept</b></li> <li>• Briefly examine the following ways to <b>measure</b> inflation: <ul style="list-style-type: none"> <li>- <b>Indexes</b> (CPI/PPI)</li> <li>- <b>Weighting</b> (Basket of goods and services)</li> <li>- <b>Inflation rate</b> (Calculations)</li> </ul> </li> <li>• Explain the different <b>types</b> of inflation <ul style="list-style-type: none"> <li>- <b>Consumer inflation</b> <ul style="list-style-type: none"> <li>○ Headline inflation</li> <li>○ Core inflation</li> <li>○ Administered prices inflation</li> </ul> </li> <li>- <b>Producer inflation</b> <ul style="list-style-type: none"> <li>○ CPI</li> <li>○ PPI</li> </ul> </li> <li>- <b>All inclusive inflation</b></li> <li>- <b>Hyper inflation</b></li> <li>- <b>Stagflation</b></li> </ul> </li> <li>• Briefly distinguish between the different <b>characteristics</b> of demand-pull and cost-push inflation</li> <li>• Briefly compare the <b>Monetarists'</b> and <b>Keynesian explanations</b> of inflation</li> <li>• Discuss the causes of demand-pull inflation <ul style="list-style-type: none"> <li>- Increase in household consumption <ul style="list-style-type: none"> <li>○ Decline in savings</li> <li>○ Tax reduction</li> <li>○ Access to credit</li> </ul> </li> <li>- Investors' expenditure</li> <li>- Government expenditure</li> <li>- Export services</li> </ul> </li> <li>• Discuss the <b>causes</b> of cost-push inflation <ul style="list-style-type: none"> <li>- Wages</li> <li>- Key inputs</li> <li>- Exchange rate depreciation</li> <li>- Profit margins</li> <li>- Productivity</li> <li>- Natural disasters</li> </ul> </li> <li>• <b>Discuss in detail the consequences of inflation</b> under the following headings: <ul style="list-style-type: none"> <li>- <b>Debtors/Creditors</b></li> <li>- <b>Wage and salary earners</b></li> <li>- <b>Investors and savers</b></li> <li>- <b>Tax payers</b></li> <li>- <b>Industrial stability</b></li> <li>- <b>Unemployment/poverty</b></li> <li>- <b>Balance of payments problems</b></li> <li>- <b>Psychological influence</b></li> </ul> </li> <li>• Discuss expectations and inflation</li> <li>• Broadly outline the <b>inflation problem</b> in South Africa</li> <li>• <b>Discuss in detail the measures to combat demand-pull and/or cost-push inflation</b> <ul style="list-style-type: none"> <li>- <b>Monetary policy</b></li> <li>- <b>Fiscal policy</b></li> <li>- <b>Other measures</b></li> </ul> </li> <li>• Evaluate the success of <b>inflation targeting</b></li> </ul>

<b>TOPIC 13: TOURISM</b>	<b>CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES</b>
<p><b>Debate the economic importance of tourism for South Africa and suggest policies to promote it. Also refer to the importance of indigenous knowledge systems (IKS).</b></p> <p><b>13.1 Tourism</b></p> <p><b>13.2 Reasons for its growth</b></p> <p><b>13.3 The effects of tourism</b></p> <p><b>13.4 The benefits of tourism</b></p> <p><b>13.5 South Africa's profile</b></p> <p><b>13.6 Policy suggestions</b></p>	<ul style="list-style-type: none"> <li>• Describe the relevant <b>concepts</b></li> <li>• Briefly explain the <b>types</b> of tourism</li> <li>• Outline the ways to measure tourism</li> </ul> <ul style="list-style-type: none"> <li>• Briefly discuss the <b>reasons</b> for growth in the tourism industry (internationally and domestically)</li> </ul> <ul style="list-style-type: none"> <li>• <i>Examine in detail the effects of tourism</i> <ul style="list-style-type: none"> <li>- <b>GDP</b></li> <li>- <b>Employment</b></li> <li>- <b>Poverty</b></li> <li>- <b>Externalities</b></li> <li>- <b>Environment</b></li> <li>- <b>Investment</b></li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• <i>Examine in detail the benefits of tourism</i> <ul style="list-style-type: none"> <li>- <b>Households</b></li> <li>- <b>Businesses</b></li> <li>- <b>State</b></li> <li>- <b>Infrastructure development</b></li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Discuss South Africa's <b>tourism profile</b> with reference to: <ul style="list-style-type: none"> <li>- Indigenous knowledge <ul style="list-style-type: none"> <li>○ heritage sites</li> <li>○ importance</li> </ul> </li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Discuss the Department of Tourism's <b>policy suggestions</b> under the following headings: <ul style="list-style-type: none"> <li>- Marketing</li> <li>- Spatial distribution</li> <li>- Taxing</li> <li>- Infrastructure development</li> </ul> </li> </ul>

TOPIC 14: ENVIRONMENTAL SUSTAINABILITY	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analyse environmental sustainability and investigate recent international agreements in this regard, for example the Rio de Janeiro and Johannesburg summits</p> <p><b>14.1 The state of the environment</b></p> <p><b>14.2 Measures to ensure sustainability</b></p> <p><b>14.3 International measures</b></p>	<ul style="list-style-type: none"> <li>• <b>Describe</b> the relevant <b>concepts</b></li> <li>• Discuss the <b>state of the environment</b> under the following headings: <ul style="list-style-type: none"> <li>- Pollution (definition and types)</li> <li>- Erosion</li> <li>- Deforestation</li> <li>- Climate change</li> <li>- Conservation</li> <li>- Preservation</li> </ul> </li> <li>• Brief discussion of how the <b>markets</b> can be used to ensure sustainability under the following headings: <ul style="list-style-type: none"> <li>- The market does not take care of social costs and benefits</li> <li>- The market fails because of specific reasons</li> <li>- The mechanism of the market and social costs and benefits</li> </ul> </li> <li>• <b>Discuss in detail how the government can ensure sustainable development</b> under the following headings: <ul style="list-style-type: none"> <li>- <b>Grant property rights</b></li> <li>- <b>Pay for environmental use</b></li> <li>- <b>Levy environmental tax</b></li> <li>- <b>Pay environmental subsidies</b></li> <li>- <b>Issue marketable permits</b></li> <li>- <b>Command and control</b></li> <li>- <b>Voluntary agreements</b></li> <li>- <b>Education</b></li> </ul> </li> <li>• <b>Discuss in detail the following problems and the international measures taken to ensure sustainable development</b> under the following headings: <ul style="list-style-type: none"> <li>- <b>Biodiversity</b></li> <li>- <b>Chemical waste</b></li> <li>- <b>Hazardous waste</b></li> <li>- <b>Climate change policy (Nations Framework Convention on Climate Change [UNFCCC], Kyoto Protocol, Paris agreement on climate change)</b></li> <li>- <b>Indigenous knowledge</b></li> </ul> </li> <li>• Explain the major <b>international protocols and agreements</b> on sustainable development and evaluate their effectiveness to ensure sustainability <ul style="list-style-type: none"> <li>- <b>Rio de Janeiro summit (UNCED)/Johannesburg summit (WSSD) (Rio +10) / Rio +20 summit</b></li> <li>- <b>Millennium Development Goals/Sustainable Development Goals</b></li> </ul> </li> </ul>

#### 4. CONCLUSION

This Examination Guidelines document is meant to articulate the assessment aspirations espoused in the CAPS document. It is therefore not a substitute for the CAPS document which educators should teach to.

Qualitative curriculum coverage as enunciated in the CAPS cannot be over-emphasised.

**NOTE: The structure of the NSC Economics question papers (pp. 4–7) replaces the ANNEXURE included in the CAPS (pp. 45–46).**